DECLASSIFIED XR PLT 2 LIBYA

Department of State

TELEGRAM

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ACTION AF-18

INFO OCT-01 CIAE-00 DODE-00 PM-05 H-02 INR-07 L-04 NSAE-00
NSC-10 P-03 RSC-01 PRS-01 SS-20 USIA-12 AID-28 COM-08
E-15 FRB-02 TRSY-11 XMB-06 STR-08 INT-06 CEA-02 RSR-01
EUR-20 /191 W

R 041525Z MAY 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 6218
INFO AMEMBASSY BENGHAZI

C O N F I D E N T I A L TRIPOLI 914

SUBJ: OIL NEGOTIATIONS

REF: TRIPOLI 791 (NOT SENT PARIS)

DEPARTMENT OF STATE A/CDC/MR 01464
REVIEWED BY CJ DATE 8/7/81
RDS ☐ or XDS ☐ EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED ☑ RELEASABLE ☑
RELEASE DENIED ☐
PA or FOI EXEMPTIONS

1. RCC-APPOINTED PETROLEUM NEGOTIATING COMMITTEE ANNOUNCED MAY 3 IT HAS INVITED ESSO AND OCCIDENTAL TO RESUME NEGOTIATION OF POSTED PRICE INCREASE AND OTHER ISSUES MAY 6 AND 7, RESPECTIVELY. COMPANIES RECEIVED LETTER FROM COMMITTEE MAY 4 REQUESTING MEETINGS, TO WHICH THEY AGREED.

2. APART FROM STATEMENT BY COMMITTEE CHAIRMAN MUGHRABI (REFTEL), ALL WE HAVE HEARD ABOUT TALKS IS COMMENT BY COMMITTEE MEMBER BIN 'UMRAN, REPORTED BY INDUSTRY SOURCE, THAT TALKS WILL RESUME FROM WHERE THEY LEFT OFF WITH MINISTRY PETROLEUM, I.E., ESSO AND OXY PRICE OFFERS. HE ADDED, WE THINK PRECIPITOUSLY, THAT COMMITTEE EXPECTED TO COMPLETE ITS WORK AND FORWARD RECOMMENDATION TO RCC BY JUNE 1.

3. OTHER DEVELOPMENTS, POSSIBLY INDICATIVE OF PRESSURE LARG PREPARED TO EXERT TO ACHIEVE PRICE SETTLEMENT ARE:
A. ESSO AND LIBYAN AMERICAN (SINCLAIR HOLDING ACQUIRED BY ATLANTIC RICHFIELD) RECEIVED NOTICE FROM MINISTRY PETROLEUM AND MINERALS REQUIRING THEM TO BEGIN DRILLING WITHIN 30 DAYS IN THEIR INACTIVE CONCESSIONS, WHICH ARE: 1, 3, 4, 5, 7, 8,

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48 AND 58 FOR ESSO; 18 AND 19 FOR LIAMCO. LIAMCO IS 26 PER CENT OWNER OF ESSO SIRTE, ALTHOUGH CONCESSIONS 18 AND 19 ARE NOT PART OF ESSO SIRTE AREA. ESSO LIBYA PRESIDENT WYNNE MET WITH MINPET MAY 4 TO DETERMINE BASIS FOR DRILLING ORDER, SINCE ESSO HAD MET ITS WORK OBLIGATIONS, AND CONSEQUENCES IF ESSO DID NOT COMPLY. WE ARE SEEKING INFORMATION ABOUT OUTCOME OF MEETING.

B. OCCIDENTAL HAS BEEN ORDERED BY MINISTRY PETROLEUM, UNDER REGULATION 8, TO REDUCE BY ABOUT ONE-HALF PRODUCTION FROM ITS INTISAR (FORMERLY IDRIS) A FIELD. PRODUCTION FROM INTISAR A HAD AVERAGED ABOUT 275,000 B/D DURING MARCH. BOTH OLD AND NEW LIBYAN REGIMES HAVE CHARGED THAT OXY HAS NOT FOLLOWED GOOD OIL FIELD PRACTICE IN PRODUCING ITS A FIELD. WE UNDERSTAND OXY HAS REDUCED PRODUCTION IN COMPLIANCE WITH MINISTRY'S ORDER.

GP-4
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